

OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	No. G 03-92
	)	
	)	
Pemco Mutual Insurance Company	)	
Pemco Insurance Company	)	FINDINGS, CONCLUSIONS, AND
	)	
Authorized Domestic Insurers	)	ORDER ADOPTING REPORT
	)	
	)	OF
	)	
	)	MARKET CONDUCT EXAMINATION

**BACKGROUND**

An examination of the market conduct of **Pemco Mutual Insurance Company and Pemco Insurance Company** (the Companies) as of December 31, 2002, was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Companies hold a Washington certificate of authority as mutual and stock insurers, respectively. They are domiciled in Washington. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and comments and recommendations was transmitted to the Companies for comments on August 22, 2003. The Companies' response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by the Company.

Subject to the right of the Companies to demand a hearing pursuant to Chapters 48.04 and

34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

### **FINDINGS**

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 29 of the report.

### **CONCLUSIONS**

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct examination of Pemco Mutual Insurance Company, and Pemco Insurance Company, and to order the Companies to take the actions described in the Instructions and Recommendations section of the report. The Commissioner acknowledges that the Companies may have implemented the Instructions and Recommendations prior to the date of this order. The Instructions and Recommendations in the report are an appropriate response to the matters found in the examination.

### **ORDER**

The market conduct examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

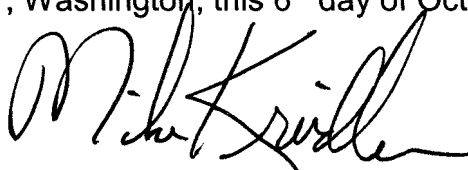
The Companies are ordered as follows, these being the Instructions and Recommendations contained in the examination report on page 21.

1. The companies are ordered to comply with RCW 48.05.190(1) to ensure all correspondence and claim settlement checks correctly identify the insuring company. (Instruction 1, Examination Report, page 21)
2. The companies are ordered to comply with RCW 48.30.050 to ensure that all advertisements contain the full name of the company and home office location. (Instruction 2, Examination Report, page 21)
3. The companies are ordered to comply with WAC 284-30-330(1) to ensure accurate representation of policy provisions in the claims handling process. (Instruction 3, Examination Report, page 21)
4. The companies are ordered to comply with WAC 284-30-330(9) to ensure checks are accompanied by a statement that indicates under which coverage a payment to an insured or beneficiary is made. (Instruction 4, Examination Report, page 21)

5. The companies are ordered to comply with WAC 284-30-350(1) and fully disclose all coverage or benefits applicable to a claim that is presented by the insured. (Instruction 5, Examination Report, page 21)
6. The companies are ordered to comply with WAC 284-30-390(1)(a-c) to establish and explain the market value of first party total loss vehicles. (Instruction 6, Examination Report, page 21)
7. It is ordered that the specific insuring company name be added to the Restrictive Vehicle Agreement Form as it is policy specific in nature. (Recommendation 1, Examination Report, page 21)

IT IS FURTHER ORDERED THAT, the Companies file with the Chief Market Conduct Examiner within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Tumwater, Washington, this 6<sup>th</sup> day of October, 2003.

A handwritten signature in black ink, appearing to read "Mike Kreidler", is written over the printed name.

MIKE KREIDLER  
Insurance Commissioner